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The not-so-neoliberal university

James Freeman

Higher education in Britain is often described as increasingly neoliberal, driven by market imperatives and audit culture. But the neoliberalisation has been only partial. A resurgence of technocratic, corporatist ideas can also be detected in how government relates to the sector.

In February and March this year, strike action hit sixty-five universities across the UK as members of the University and College Union (UCU) went on strike in defence of their pension scheme – the Universities Superannuation Scheme (USS), which covers employees at pre-1992 universities (and some other smaller organisations). Fourteen days of teaching were lost.

At the heart of the strike was the proposal by the employers, represented by Universities UK (UUK), that the scheme was in danger of ending up in a massive deficit, and that it needed, therefore, to be converted from a (mainly) Defined Benefit scheme guaranteeing a particular level of income in retirement, to an entirely Defined Contribution scheme, which made no guarantees. The effect was going to be to slash the pensions that staff could expect to receive, with the youngest staff the worst affected.

Many of the blogs written and placards waved during the strike argued that the decimation of the pension scheme represented one part of a bigger programme: the neoliberalisation of higher education.¹ So was this dispute about ‘neoliberalism’ or not?

Just at the moment when university staff seem to be mobilising against the alleged injustices of ‘neoliberalism’ in higher education, it has become more fashionable than ever to dismiss the term as obscuring more than it reveals.² This is partly because ‘neoliberalism’ has taken on such different meanings across different disciplines and partly because it has become a hackneyed term of abuse in

Britain's crude political discourse.

Whilst it lacks precision, I think that pointing the finger at 'neoliberalism' was more justified in the current dispute than is often the case. However, I would argue that in all the talk of 'neoliberalism' and higher education we've missed an important change: that we are no longer living through the age of the neoliberal university. Instead we are experiencing a renaissance of technocratic corporatism that happens to dabble in neoliberal arguments and which has come to an uneasy accommodation with enterprise culture.

Neoliberalism is good for placards

In its defence, 'neoliberalism' usefully highlights the interdependence between the various changes in higher education that led to what might otherwise seem like a narrow, technical crisis over pensions. Rather than blindly accepting the USS/UUK narrative that changes in the investment environment alone made benefit reform necessary, 'neoliberalism' at least prompts us to think about how the introduction of market mechanisms might explain our universities' rather extreme reactions to an actuarial problem.³

As the strike progressed, details emerged of the (botched) UUK survey that was undertaken in 2017 to find out what employers' appetite for risk-taking in the pension scheme was. What became clear was that employers' views on the affordability of pensions were closely related to how they are adjusting to their new role as competitors in a market. Many institutions' initial support for the switch to Defined Contribution pensions was motivated by a fear that the USS scheme threatened their already precarious balance sheets. Those fears were exacerbated by an apparently innocuous change to Financial Reporting Standards which forced institutions to enter their share of the multi-employer scheme's deficit as a liability on their individual financial statements.⁴ Amongst those whose finances are healthier, there is a related feeling of injustice that their duty to backstop USS indirectly subsidises their competitors' borrowing. Both concerns are linked to the risks that have been (and are still being) taken with infrastructure projects that senior managers think necessary to keep up with the competition in terms of recruitment and consumer satisfaction frameworks. Tuition fees and uncapped student numbers are, of course, the background forces ultimately driving these intermediate pressures, and both can with some credibility be seen as attempts to 'neoliberalise' higher education.

Concepts bundled up with 'neoliberalism' can also connect other characteristics of

the dispute and situate it in the discourses shaping twenty-first century Britain. For example, the way that some institutions talked about their staff in this dispute is not unrelated to how they talk about their students. As Amy Edwards has argued, the vocabularies of 'enterprise culture' have seeped into universities' mission statements, quality measures, and programme catalogues, and when you see students as 'entrepreneurs', it is all too easy to slip into seeing staff as 'human capital'. Moreover, as Tom Bailey details, the origins of vice chancellors acting more like CEOs than academic leaders can be traced to the 1980s when the Thatcher Government cajoled universities into implementing more 'efficient', private-sector style governance structures.⁵

We need to avoid ascribing agency to a concept rather than to people, and we shouldn't present every change in higher education since the 1980s as coherent, but I think, on balance, the use of 'neoliberalism' to foreground connections justifies its place on our placards. But is 'neoliberalism' the best starting point for a deeper analysis of a higher education environment that plenty of us want to change?

Would Hayek endorse the 'neoliberal university'?

Unsurprisingly, the answer depends on your approach to 'neoliberalism'. Laura Mitchell has brilliantly summarised what we can learn about the changing higher education environment when we approach 'neoliberalism' through the definitions dominant in the social sciences, where it variously signifies an economic model, ideology, or academic paradigm. But here I instead want to take up the approach that typifies recent historical work, which has tended to narrow 'neoliberalism' to the ideas of those associated with an international 'thought collective' centred on the Mont Pelerin Society.⁶ In tracing the influence of this network, historians have shown how neoliberal thought evolved, how different strands influenced each other, and how politicians implemented neoliberal ideas in a partial and sometimes contradictory manner.⁷ There are trade-offs in refocussing 'neoliberalism' on a specific group of thinkers, but the insight gained from this kind of approach when applied to higher education is instructive: it turns out that many neoliberal arguments actually run against features of our present system.

Here I'll restrict myself to two of neoliberalism's canonical works and focus on just two examples. The first is student fees and loans, which can seem like a logical implementation of neoliberal principles. The extension of fees and loans and the accompanying 'students as consumers' mantra certainly fits with the neoliberal

preference for individuals to make choices in markets. Indeed, leading neoliberals like Milton Friedman considered the case for a system of student loans, and those who popularised neoliberal thought in 1970s Britain can be found advocating fees as a means to boost the 'student voice' in the aftermath of 1968.⁸

However, the implementation of this system does not sit entirely well with neoliberal thought. For although loans encourage students to think of themselves as independent consumers, paying for their own education, few will reimburse their state benefactor in full, thanks to a combination of interest and salary repayment thresholds.⁹ Friedman spotted this danger and predicted that, if governments became involved, such a system would be turned into a 'political football', with ministers unwilling to recoup the amounts needed to make the system self-financing.¹⁰ This was a crucial limitation because anything less than self-financing turned reasonable efforts to fix an inefficient capital market into a mere government subsidy.¹¹

Much like today's ministers, whether neoliberals judged this subsidy acceptable or not depended on the academic disciplines in question. Unlike today's ministers, though, they strongly rejected any subsidy for 'vocational' or 'professional' qualifications, such as medicine, dentistry, business, law, or engineering. The purpose of these qualifications was simply to 'raise the economic productivity of the human being'. Accordingly, they were unsuitable for state subsidies.¹² As Hayek put it:

...the case for subsidisation in Higher Education... must rest not on the benefit it confers on the recipient but on the resulting advantages for the community at large. There is, therefore, little case for subsidising any kind of vocational training, where the greater proficiency acquired will be reflected in greater earning power...'.¹³

This is not to say that neoliberals ignored the societal benefits of having doctors; they simply thought that the way to recognise this was in the greater returns these individuals could expect.

The situation was quite different in the liberal arts, social and theoretical sciences, where 'the aim [was] the further dispersion and increase in knowledge throughout the community at large'.¹⁴ Here two 'neighbourhood effects' justified government subsidies. First, the benefits received by a community from research and scholarship could not be distilled into a price charged for particular services, especially given how much of it became freely available. Second, the wider societal benefits of

teaching these subjects made it impossible to identify and charge individual citizens for their share. For example, both Hayek and Friedman believed that education contributed to a core of common values and knowledge necessary for stable democracies and that 'additional schooling [should be] financed because other people benefit from the schooling of those of greater ability and interest, since this is a way of providing better social and political leadership'.¹⁵ Neither Hayek nor Friedman was willing to give a blank cheque for an unlimited number of arts and sciences students, and there's an uncomfortable elitism in their positions, but both were more receptive than our present politicians to the case that communities should fund scholarship that has purely social and cultural benefits. Neoliberal thinking thus sits in contrast to England's present system, where the biggest subsidy (HEFCE's Funding Allocation) is focussed not on humanities and social sciences, but on 'strategically important' or 'high-cost' subjects.¹⁶

A second example is research funding. In April 2018, the seven Research Councils came together under UK Research and Innovation, with a combined budget of £6 billion. It's likely that Hayek would have objected. For starters, his vision of a university was one in which the research questions should be mostly driven by individual academics, not directed by funding calls that attempt to channel research towards socially desirable or strategically important objectives. Whilst he didn't believe academics should operate entirely autonomously, Hayek thought the right balance lay in having a multiplicity of funding sources 'instead of the control of funds being in the hands of a single authority proceeding according to a unitary plan...'.¹⁷ Nor would he have endorsed the trend towards specialist research centres, which he thought showed an overestimation of how much industry owed to the organised teamwork prevalent in research laboratories. As someone who championed rules-based decision making against arbitrary 'case-by-case' assessments, Hayek would doubtless also have taken issue with the REF (Research Excellence Framework), which will once again involve select panels subjectively rating publications and 'impact'. Thus, whilst the broad impetus towards competition might align with neoliberal instincts, a research environment that is increasingly centrally directed and reliant upon subjective assessments of quality does not accord well with leading neoliberals' thought.

Appropriated Neoliberalism

How might we explain this incongruence within a system that has some apparently

'neoliberal' features, but others which seem to conflict with key neoliberal thinkers' positions? One possibility is an incomplete application of neoliberal intentions – an ideological project somehow partially understood or constrained by political realities. There's something in that, but I think recent developments suggest another explanation, namely that the fundamental outlook shaping HE today is not neoliberalism but the return of the technocratic corporatism so loathed by neoliberals in the 1960s and 1970s. At that time, many neoliberals took issue with 'technocratic' or 'corporatist' governments which: a) organised politics and society exclusively around growth and efficiency; b) intervened to affect top-down modernisation; and c) subsidised big businesses and uneconomical technology projects.

The parallel isn't exact, and it's debateable to what extent recent British governments have ever really acted differently, but I think we have arrived at a point in higher education where it's more accurate to say that a minority of neoliberal arguments have been appropriated by ministers who see universities' primary functions as engines of economic growth.

The place to see this is in an area of change that many in USS institutions may have missed: the introduction of degree apprenticeships. Degree apprenticeships are one way in which employers can 'spend' the apprenticeship levy, and they enable students to 'earn while you learn' without paying tuition fees. Whatever their merits, though, degree apprenticeships are anything but neoliberal.¹⁸ The sales pitch usually shares the enterprise culture rhetoric often associated with the Neoliberal University: 'experience trumps academic knowledge', 'work develops the self', 'students must be adaptable in a fast-changing world'.¹⁹ Yet in contrast to the student choice agenda accompanying tuition fees, the system puts employers in the driving seat: students no longer choose a university; instead, they apply for degree apprenticeships offered by employers. If successful, they work part-time whilst studying at an institution contracted by the employer. This changes who institutions pitch to, and sales teams are now competing for lucrative contracts to deliver programmes for large employers. Moreover, the degree is only part of the qualification, sitting within a wider sector-specific Degree Apprenticeship Standard that has been designed with heavy involvement from large employers to reflect the 'skills, knowledge and behaviours' they need.²⁰ This is vocational education designed specifically to provide the 'high-level skills our economy needs to compete'.²¹ It reflects the national growth priorities and cost-sharing between government and large businesses that defines a technocratic, corporatist vision of HE, but not a particularly neoliberal one.

None of this is to deny that some aspects of our system (and the recent dispute) have identifiably 'neoliberal' origins or that others can't rightly be seen as part of broader economic processes or discourses that can usefully be labelled 'neoliberal'. However, I think it is important to recognise the incongruences between neoliberal thought and the system we've become used to thinking of as the 'Neoliberal University'. It's important, not because we should have any great admiration for neoliberal thinkers' overall vision of society or a university, but because it highlights that our current system reflects the will of actors who have very selectively appropriated some neoliberal arguments in service of a very different agenda. Those of us who want change should adjust our arguments accordingly.

It may be that neoliberalism is no longer our main opponent. Indeed, the future shape of higher education may to some extent depend on whether or not we can stomach turning a few of neoliberalism's arguments back against those who use it to justify what is, in my view, a rather dystopian vision of universities serving the capricious gods of economic growth.

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Notes

1. See, <https://twitter.com/jessicammoody/status/966633272037036032>; L. Mitchell, 'Neoliberalising HE: The USS strike part 1', 14.3.18, <https://drlauramitchell.com/2018/03/14/neoliberalising-he-the-uss-strike-part-i/>.
2. Participants at the Rethinking British Neoliberalism conference held at UCL in September 2017 were split on whether the term was helpful or not.
3. More broadly, it can be argued that central banks' attempts to preserve the neoliberal economy after 2008 are responsible for today's conditions.
4. 'Accounting and Reporting Policy FRS 102', Financial Reporting Council, <https://www.frc.org.uk/getattachment/b0d586a7-4a6e-4ecb-ad46-b265e912ee85/SEN-10-Employee-Benefits-Defined-Benefit-Plans-FINAL-FINAL.pdf>.
5. T. Bailey, 'Time for a review of university management and governance?', Wonkhe, 21.3.18, <https://wonkhe.com/blogs/time-for-a-review-of-university-management-and-governance/>.
6. The key work is: Philip Mirowski and Dieter Plehwe (eds), *The Road from Mont Pelerin* (London, 2009).
7. E.g. Florence Sutcliffe-Braithwaite, 'Neo-Liberalism and Morality in the Making of Thatcherite Social Policy', *Historical Journal*, 55 (2012), 497-520; Aled Davies, James Freeman, and Hugh Pemberton, "'Everyman a capitalist" or "Free to Choose"? Exploring the tensions within Thatcherite individualism',

Historical Journal (Advance Access, 2017).

8. Here I am thinking mainly of the FT's Samuel Brittan.
9. P. Bolton, 'Student loan statistics', Commons Briefing papers, SN01079, 13.12.17,
<http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN01079#fullreport>.
10. Milton Friedman, *Capitalism and Freedom* (Chicago, 2002 [1962]), p107.
11. C. Belfield, J. Britton, L. Dearden and L. van der Erve, *Higher Education funding in England: past, present and options for the future*, IFS Briefing Note BN211, 2017,
<https://www.ifs.org.uk/uploads/publications/bns/BN211.pdf>.
12. Friedman, *Capitalism*, pp100-1.
13. F.A. Hayek, *The Constitution of Liberty* (Oxon, 2006 [1960]), p330.
14. Hayek, *Constitution*, p331.
15. Friedman, *Capitalism*, p88.
16. *Guide to funding 2017-18. How HEFCE allocates its funds*, HEFCE, April 2017/04. Some 'pure science' subjects are of course both strategically important and high cost. But this allocation channels significant funds to 'vocational' subjects like nursing and engineering.
17. Hayek, *Constitution*, p339.
18. I think it is too early to judge success or otherwise and this analysis should not be taken as a slight on those delivering the programmes.
19. 'Higher apprenticeships', UCAS, <https://www.ucas.com/higher-apprenticeships>.

20. Institute for Apprenticeships,
<https://www.instituteforapprenticeships.org/apprenticeship-standards/>.
21. 'Thousands of higher and degree apprenticeship vacancies announced',
Gov.uk, 15.11.17, <https://www.gov.uk/government/news/thousands-of-higher-and-degree-apprenticeship-vacancies-announced>.